



***F* Facility**
***C* Conservation**
***I* Improvement**
***P* Program**

FCIP

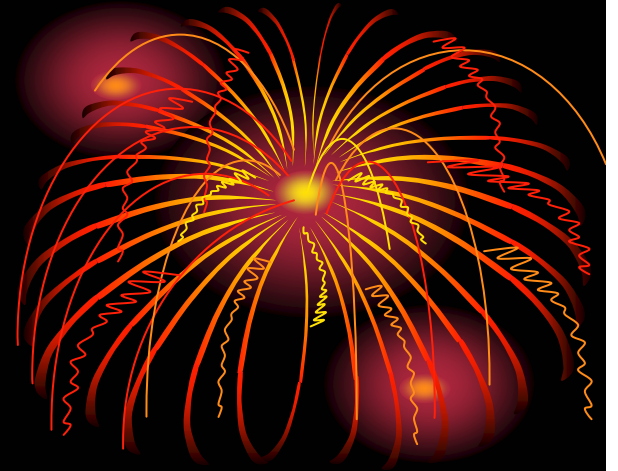
Energy Programs Division
Kansas Corporation Commission

Why are we here today?



- Rising energy cost/shrinking budgets
- Increasing maintenance & operational cost
- Aging infrastructure
- Environmental issues: emissions reduction, conservation, sustainability
- One solution:
 - Energy Savings Performance Contracting
- Benefits of Energy Savings Performance Contracting
- Implementation of performance contracting: FCIP
- Typical improvements projects
- Benefits of the FCIP
- How to participate in the FCIP

What is the FCIP?



- In 2000, KSA 75 37,125 authorizes the FCIP to provide support and resources to public agencies to conserve energy.
- The FCIP assist public agencies in obtaining easy access to : ***Energy Savings Performance Contracting*** and developing a partnership with ***Energy Service Companies*** (ESCO).
- The FCIP is charged with providing approval and oversight of all energy conservation measures (ECMs) and Energy Performance Contracts.
- The FCIP has overseen the completion of over 60 improvement projects generating over 12 million dollars annually in energy and operational cost savings.

FCIP Benefits:

- No need for an RFP
- No need to develop project specifications
- Pre-negotiated State Contract
- Pre-negotiated fees
- Pre-approved Energy Service Companies (ESCOs)
- Total project cost up-front
- No change orders allowed
- Technical, legal, and financial oversight
- Representation throughout process



What is Energy Savings Performance Contracting ?




- A cost-effective construction method which implements energy and operational cost savings.
- Cost savings are designed into the project by an Energy Service Company (ESCO).
- Project is financed 100% by the guaranteed energy and operational cost savings.

Energy Savings Performance Contracting:



- Performance Contracting uses life-cycle cost, rather than the lowest bid
- Performance Contracting ***guarantees*** that cost savings generated by the improvements will pay for the project
- ESCO's are not allowed to make any change orders on projects

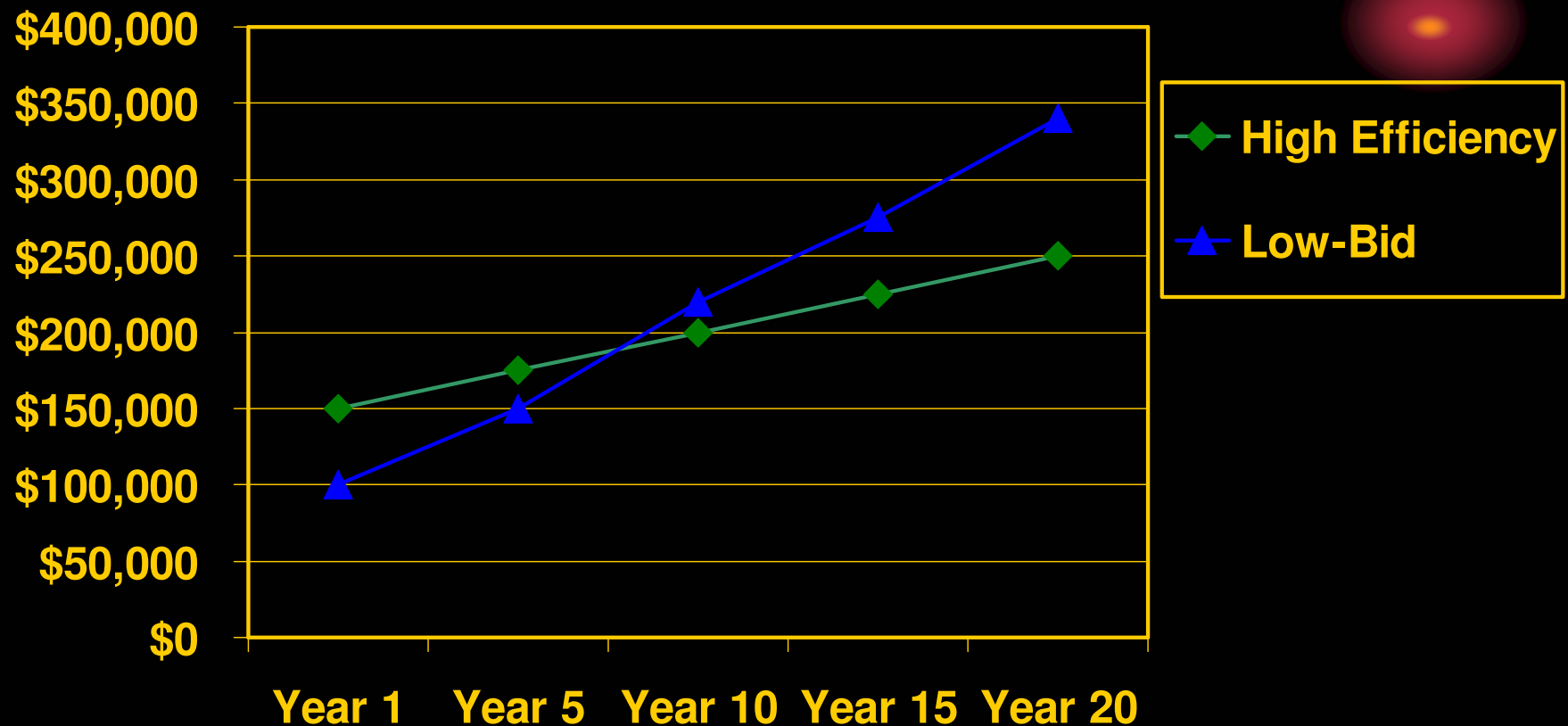
Benefits of Energy Savings Performance Contracting:



- No up-front dollars required to start project
- Extends capital dollars
- Life-cycle cost vs. Low bid procurement
- ESCO's designs and builds project
- Energy and operational cost savings pay the cost of the improvements
- ESCO's guarantee saving and performance
- ***NO CHANGE ORDERS***
- ***NO SURPRISES`***

Low Bid for Equipment Is Not Always Cheapest

***Life-Cycle Cost vs. Low-Bid Procurement
Price vs. Value***



Life-cycle Cost = Total Cost of Ownership



- ***Quality of Design***
- ***Quality of Construction***
- ***Durability of Construction Materials***
- ***Incorporated Technology***
- ***Energy Efficiency***
- ***Operational & Maintenance Cost***
- ***Repair & Replacement Cost***

Potential Improvement Projects:

- ***Lighting: daylighting, new lamps & ballasts***
- ***Heating: boilers, steam traps, pumps***
- ***Cooling: chillers, RTUs, cooling towers***
- ***Water: Low-flow fixtures, waterless urinals***
- ***Building Shell: insulation, windows, roof***
- ***Energy management control systems***
- ***Alternative Energy: wind, solar, geothermal***



Features of FCIP



- Preliminary Energy Audit at no cost
- Public agency selects ESCO for Investment Grade Audit
- IGA cost below market rate
- FCIP performs technical review of audits – workshop with customer
- Public agency does not pay IGA, if improvement project not deliverable by ESCO
- Public agency determines final scope of project

Features of FCIP

- Performance Contract – review workshop
- Performance Contract signed by public agency, ESCO and FCIP
- Tax-exempt financing
- Financing in days, not months
- Open-book pricing
- Measurement and verification of savings
- Representation throughout project
- Provide assistance to settle any disputes



How to Participate in FCIP



- ***Four main steps:***

- Preliminary energy audit (no cost)
 - Determine if savings are available
 - Investment Grade Audit (IGA)
 - Identify & quantify savings / improvements
 - Energy Performance Contract
 - Construction of improvements
 - Measurement and Verification
 - Energy & operational cost savings
 - Shortfall check for difference
- 

Who Has Done Projects?



- ***Nearly \$150 Million in Total Project Costs***
- ***More than \$12 Million in Annual Savings!***
 - ***22 USDs***
 - ***15 State-Owned Buildings***
 - ***7 Cities***
 - ***6 Counties***
 - ***6 Community & Technical Colleges***
 - ***11 University Projects***

Get With The Program

Contact:

Peter Armesto

FCIP Manager

State Energy Office

785.271.3241

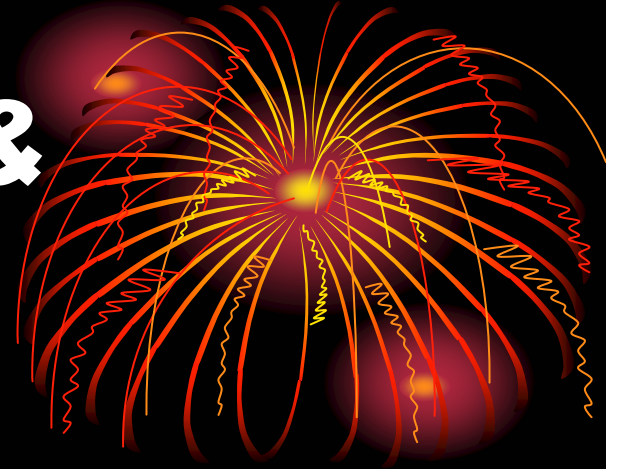
FCIP@kcc.ks.gov

www.kcc.ks.gov



**Remember you are currently already
paying for this improvement project!**

Grants for Cities & Counties



- ***FCIP Rebates (\$1 million): This program will rebate IGA fee up to a maximum of \$40,000.***
- ***FCIP Energy Efficiency Project Grants (\$2.2 million): This grant program has two scenarios.***
 - ***First scenario is for a FCIP project with an ECM that does not meet the statutory 30-year payback period. Individual grants capped at \$150,000.***
 - ***Second scenario will provide assistance to projects that are considered too small by ESCOs and are thus not eligible for FCIP. State Energy Office staff will provide assistance and oversight to ensure the success of these smaller projects. Individual grants capped at \$150,000.***

Renewable Energy Grant

\$38.8 Million



- ***Grants to public entities—local units of government, including school districts, community colleges, vocational schools, universities—which did not receive direct block grant allocations.***
- ***Grants will be for renewable electrical generation projects. Projects may include wind, solar, biomass, or fuel cells. Grants will be for 25% of approved project costs (up to \$250,000).***